

Message Text

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ACTION IO-14

INFO OCT-01 AF-10 ISO-00 ARA-16 EA-11 EUR-25 NEA-10 RSC-01

SCI-06 AEC-11 SPM-01 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 AID-20 CIEP-02 SS-20 STR-08

TAR-02 USIA-15 PRS-01 SP-03 FEA-02 OMB-01 SWF-02

TRSY-11 PM-07 DRC-01 /277 W
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TO SECSTATE WASHDC 3713

INFO AMEMBASSY NAIROBI

UNCLAS USUN 1446

E.O. 11652: NA

TAGS: UNGA, EGEN, KE

SUBJ: UNGA SPECIAL SESSION: KENAY GENERAL DEBATE

STATEMENT APRIL 22

SUMMARY: IN SOBER STATEMENT FREE OF RHETORIC, FONMIN MANGAI BLAMED PLIGHT OF LDC'S ON INFLATION IMPORTED FROM INDUSTRIAL COUNTRIES COMPOUNDED BY RISE IN OIL PRICE. HE APPEALED FOR COMPENSATING INCREASE IN PRICES OF OTHER COMMODITIES AND LONGER-TERM LINK BETWEEN PRICES OF MANUFACTURED GOODS AND RAW MATERIALS. WHILE ENDORSING PRODUCER ASSOCIATIONS IN PRINCIPLE, HE WARNED THAT THEY MUST BE USED ONLY TO ACHIEVE ACROSS-THE-BOARD IMPROVEMENT OF PRICES FOR ALL DEVELOPING-COUNTRY COMMODITY EXPORTS. TO ELIMINATE LDC PAYMENTS DEFICITS, MUNGAI ADVOCATED CREATION OF CONSOLIDATED INTERNATIONAL SOFT-LOAN FUND, SALE OF OIL TO POOR COUNTRIES AT CONCESSIONAL PRICES OR ON LONG-TERM, LOW-INTEREST CREDIT BASIS, AND SHARING BY NON-OIL-PRODUCING LDC'S IN OIL

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PROCESSING AND MARKETING. STRESSING URGENCY OF FOOD

PROBLEM, MUNGAI PROPOSED WORLD FOOD FUND TO FINANCE PRODUCTION IN LDC'S, STORAGE, AND EMERGENCY STOCKS. HE APPEALED TO MIDDLE EAST OIL PRODUCERS TO PIONEER THIS EFFORT IN SAHEL AREA. MUNGAI ALSO PROPOSED MONETARY REFORM AND SUPPORT OF UN ENVIRONMENT PROGRAM. HE INVITED LITTORAL COUNTRIES TO ISSUE JOINT CALL FOR DEMILITARIZATION OF INDIAN OCEAN. END SUMMARY.

1. MUNGAI SAID WOLD ECONOMIC CRISIS BREWING LONG BEFORE RISE IN OIL PRICES. DIFFERENCE NOW IS THAT SHOE PINCHES INDUSTRIALIZED COUNTRIES AS WELL AS LDC'S. IT CANNOT BE DENIED, HOWEVER, THAT OIL-PRCE INCREASE HAS HAD "DEVASTATING" EFFOECT ON NON-OIL-PRODUCING POOR. IN KENYA, COMFORTABLE PAYMENTS SURPLUSES HAVE BEEN TURNED OVERNIGHT INTO DEFICITS AND COUNTRY FACES PROSPECT OF NO GROWTH OR EVEN DECLINE.

2. IMPLICITLY ACCUSING OIL PRODUCERS OF ACTING IN PAROCHIAL SELF-INTEREST, MUNGAI SAID PRODUCER ASSOCIATION ACTION COULD BE JUSTIFIED ONLY WHEN "USED JOINTLY BY ALL DEVELOPING COUNTIRES" TO ACHIEVE "ACROSS-THE-BOARD" IMPROVEMENT IN PRICES OF THEIR RAW MATERIAL EXPORTS. ASSERTING THAT TRADE IS PREFERABLE TO AID, MUNGAI CALLED FOR "REALISTIC INCREASE" IN PRICE OF FAW MATERIALS OTHER THAN OIL AND FOR ESTABLISHMENT OF UN MACHINERY TO LINK FUTURE COMMODITY PRICES TO PRICES OF MANUFACTURED GOODS.

3. FOR IMMEDIATE RELIEF OF LDC'S AFFLICTED BY PAYMENTS DEFICITS, MUNGAI PROPOSED CREATION OF CONSOLIDATED SOFT-LOAN FUND TO FINANCE PURCHASE OF CAPITAL GOODS AND TO BE SUPPORTED BY "ALL THOSE WHO HAVE THE MEANS." HE ALSO RECOMMENDED SALE OF OIL TO LDC'S AT CONCESSIONAL PRICES OR ON LOW-INTEREST, LONG-TERM CREDIT BASIS. TO DIVERT TO NON-OIL-PRODUCING LDC'S SOME OF THE INCOME NOW GOING TO OIL COMPANIES, MUNGAI CALLED FOR THESE COUNTRIES TO PARTICIPATE IN TRANSPORTATION, REFINING AND MARKETING OF THEIR OIL IMPORTS.

4. MUNGAI SAID WORLD FOOD PROBLEM SERIOUSLY EXACERBATED BY INCREASED COST OF AGRICULTURAL INPUTS. HE PROPOSED UNCLASSIFIED

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NEW OWRLD FOOD FUND TO FINANCE DEVELOPMENT OF NEW PRODUCTION TECHNOLOGIES, PRODUCTION OF CHEAPER FERTILIZER IN LDC'S, IRRIGATION PROGRAMS, R&D FOR AGRICULTURAL MECHANIZATION IN LDC'S, AGRICULTURAL INSITTUTES IN DEVELOPING COUNTRIES, FOOD STORAGE AND EMERGENCY FOOD SUPPLIES. HE INVITED MIDDLE EAST OIL PRODUCERS TO PIONEER EFFORT WITH SPECIAL ASSISTANCE TO NEIGHBORING COUNTRIES STRICKEN BY SAHEL DROUGHT.

5. MUNGAI ADDRESSED MONETARY PROBLEMS ONLY IN PASSING, CALLING FOR A "MORE STABLE AND REALISTIC" SYSTEM. HE CAUTIONED THAT OTHER MEASURES FOR REFORM OF WORLD ECONOMY SHOULD NOT BE TAKEN WITHOUT DUE CONCERN TO ENVIRONMENTAL PROTECTION. HE COMMENDED REPORT OF SECOND GOVERNMENTAL COUNCIL OF UN ENIRONMENT PROGRAM AND PARTICULARLY PRIORITY ACCORDED THEREIN TO IMPROVING PRODUCTIVITY OF ARID LANDS AND ARRESTING "MARCH OF DESERT."

6. NOTING DEPENDENCE OF DEVELOPMENT ON PEACE, MUNGAI INVITED INDIAN OCEAN STATES TO JOIN TOGETHER IN OPPOSITION TO "MILITARY BASES BY FOREIGN POWERS IN INDIAN OCEAN." MUNGAI CONCLUDED WITH APPEAL TO ALL COUNTRIES TO ESCHEW HARMFUL "CHAUVINIST" POLICIES OF PAST AND CREATE NEW ECONOMIC ORDER BASED ON INTERDEPENDENCE AND COOPERATION. SCALI

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